

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 ACDA-12 TRSE-00 OMB-01 EB-08 STR-05 AID-05
SSM-03 CEA-01 SIL-01 LAB-04 FRB-03 XMB-02 COME-00
/102 W

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R 131412Z OCT 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 421

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E.O. 11652: NA
TAGS: EFIN EG
SUBJ: GOE SETS INVESTMENT PRIORITIES

REF: CAIRO 16418

1. ARTICLE APPEARING IN SEPT 24, 1977 MID-EAST ECONOMIC WEEKLY APPLAUDED DECISION OF GOE SUPREME COUNCIL ON INVESTMENT (HEADED BY PM MAMDOUH SALEM) TO GIVE TOP PRIORITY TO INVESTMENTS IN FOOD, HOUSING, AND TRANSPORT SECTOR PROJECTS. REPORT STRESSED ACTION CONSISTENT WITH SECTORS EMPHASIZED IN 12-VOLUME FIVE YEAR PLAN, PORTIONS OF WHICH HAVE RECENTLY APPEARED IN DRAFT. ACCORDING ARTICLE, COUNCIL DECIDED THAT PROJECTS WITHIN SPECIFIED SECTORS SHOULD HAVE DIRECT IMPACT ON NATIONAL ECONOMY AND POTENTIAL FOR ATTRACTING MORE INVESTMENT.

2. COUNCIL ALSO REPORTEDLY SAID FURTHER INVESTMENT IN FREE ZONES WILL CONTINUE TO BE ENCOURAGED. AS PROFF OF THEIR INTEREST IN FREE ZONE ACTIVITIES, INVESTMENT COUNCIL ANNOUNCED APPROVAL OF 19 NEW PROJECT PROPOSALS FOR ZONE BRINGING TOTAL APPROVED FREE ZONE PROJECTS TO 252. IF ALL PROJECTS
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WERE UNDERTAKEN, FOREIGN INVESTMENT IN FREE SONE COULD RISE TO LE 950 MILLION OR MORE IN NEXT SEVERAL YEARS.

3. PROJECTS RECENTLY APPROVED OUTSIDE FREE ZONE SUBSECTOR INCLUDE ALUMINUM PRODUCTS COMPANY CAPITALIZED AT LE 2.24 M, WHICH WILL MANUFACTURE ALUMINUM SHEET AND PIPE; A SYNTHETIC FIBERS (POLYESTER) PLANT CAPITALIZED AT LE 16 MILLION; AND A

POULTRY PRODUCTION OPERATION (CAPITAL LE 3 MILLION).
EGYPTIAN PARTICIPATION IN ABOVE PROJECTS IS 86 PERCENT, 80
PERCENT AND 44 PERCENT, RESPECTIVELY. COUNCIL ALSO REPORTEDLY
TOOK UNDER CONSIDERATION PROPOSAL FOR TIRE MANUFACTURING
FACILITY. ORIGINALLY A FREE ZONE PROJECT, GOE HAD BEEN
PERSUADED BY MAJOR PRODUCEERS THAT EGYPTIAN MARKET TOO
SIGNIFICANT TO BE IGNORED.

4. COMMENT: MINECON INVESTMENT AUTHORITY ACCEPTED
IN PRINCIPLE PROPOSALS FROM MICHELIN AND GOODYEAR IN LATE MARCH.
SUPREME COUNCIL ON INVESTMENT REPORTEDLY REVIEWED PRODUCERS'
PROPOSAL AND CONCURRED WITH IDEA THAT TIRE PRODUCTION FACILITY IN
EGYPT SHOULD AIM AT DOMESTIC MARKET, WITH EXPORT SURPLUS. THIS
WILL REQUIRE LARGER PLANT THAN ORIGINALLY ENVISIONED WHICH
WOULD DEMAND LARGER INVESTMENT AND EMPLOY MORE PEOPLE.

5. REPORT CONTINUES PRESS PRACTICE OF HERALDING INVESTMENT
APPROVALS AS FAIT ACCOMPLI, WHEN IN REALITY MUCH WORK REMAINS
BEFORE ANY ACTUAL INVESTMENT OCCURS. FIGURES CITED, HOWEVER
GENERALLY AGREE OR COMPLEMENT THOSE REPORTED REFTEL.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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